

Message Text

LIMITED OFFICIAL USE

PAGE 01 ACCRA 04774 01 OF 02 130920Z
ACTION OES-07

INFO OCT-01 AF-10 EUR-12 ISO-00 AID-05 CIAE-00 DODE-00
INR-10 NSAE-00 PA-01 ICA-11 SP-02 EB-08 COME-00
AGRE-00 TRSE-00 OPIC-03 OMB-01 /071 W
-----039017 131027Z /12

R 121524Z JUN 78
FM AMEMBASSY ACCRA
TO SECSTATE WASHDC 4065
INFO AMEMBASSY LONDON
AMEMBASSY ROME

LIMITED OFFICIAL USE SECTION 1 OF 2 ACCRA 4774

DEPT PLEASE ALSO PASS AID/FFP; LONDON FOR SEITZ, ROME FOR FODAG

E.O. 11652: NA
TAGS: EAID, EAGR, SPOP, EFIN, EINV, GH
SUBJ: CALL ON ECONOMIC PLANNING COMMISSIONER

REF: (A) STATE 107370; (B) ACCRA 4700

1. SUMMARY. AMBASSADOR CALLED JUNE 8 ON NEW ECONOMIC PLANNING COMMISSIONER ABBEY TO (1) INFORM HIM OF US DECISION NOT TO RESPOND DIRECTLY TO TITLE II REQUEST AT THIS TIME; (2) RAISE FOOD AND POPULATION ISSUES AS INSTRUCTED REFTEL A; FOLLOW-UP AMBASSADOR'S RECENT CONVERSATION WITH HEAD OF STATE (REFTEL B), (3) INQUIRE ABOUT POSSIBLE ECONOMIC POLICY CHANGES (NO DECISION YET); (4) RAISE POSSIBILITY OF US OBTAINING A REASONABLE ACCOMMODATION EXCHANGE RATE (MATTER DEFERRED PENDING OUTCOME OF (3)); (5) KEEP DR. ABBEY INFORMED OF OPIC INSURANCE CLAIM AND REMITTANCE PROBLEMS GENERALLY WITH THEIR SERIOUSLY ADVERSE EFFECTS ON US BUSINESS AND INVESTMENT CLIMATE HERE; (6) UNDERLINE USAID MISSION CONCERNS WITH PORT SECURITY; AND (7) INVITE COMMISSIONER TO PARTICIPATE IN
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 ACCRA 04774 01 OF 02 130920Z

AMERICAN CENTER PROGRAM ON NORTH-SOUTH RELATIONS, FEATURING VOLSPKR PROFESSOR TRAVIS
(ACCRA 3664). END SUMMARY.

2. AMBASSADOR, ACCOMPANIED BY ECON COUNSELOR, CALLED JUNE 8 ON DR. J.L. S. ABBEY, RECENTLY APPOINTED COMMISSIONER FOR ECONOMIC PLANNING. LATTER HAD WITH HIM

HIS PRINCIPAL ECONOMIC ADVISOR (DAISIE); MANPOWER BOARD CHAIRMAN SAME JONES; AND ECONOMIC PLANNING MINISTRY'S AMERICAS DESK OFFICER, ERIC DANKWA. AMBASSADOR CONGRATULATED DR. ABBEY AGAIN ON HIS APPOINTMENT, NOTED HE WOULD BE IN US ON OFFICIAL DUTIES FOR NEXT TWO MONTHS OR SO, AND RAISED FOLLOWING ISSUES.

3. TITLE II. AMBASSADOR INFORMED DR. ABBEY, AS HE HAD PREVIOUSLY TOLD MFA SENIOR PRINCIPAL SECRETARY, ERIC OTOO, THAT IN RESPONSE TO FOREIGN AFFAIRS COMMISSIONER FELLI'S MARCH 9 REQUEST TO US FOR 10,000 MT OF SORGHUM TO FEED THE NEEDY IN THE NORTHERN AND UPPER REGIONS, WE HAD PROMPTLY BROUGHT IN A FOOD FOR PEACE OFFICER, WILLIAM CARTER, TO ASSESS THE SITUATION. WE AGREED THAT THERE WAS A DEFINITE NEED FOR EMERGENCY FOOD DISTRIBUTION IN SELECTED DISTRICTS. HOWEVER, THE COMBINATION OF (1) OTHER DONORS' ASSISTANCE (INCLUDING OUR 2,500 MT IN KUMASI, ONLY RECENTLY RELEASED); (2) IMPROVED HARVEST PROSPECTS; (3) DISTRIBUTION CONSTRAINTS; AND (4) THE FAVORABLE ATTITUDE TOWARD THE GOG'S REQUEST BY THE WFP, TO WHICH WE ARE A MAJOR CONTRIBUTOR HAVE ALL PERSUADED US AGAINST MAKING A FURTHER DIRECT BILATERAL RESPONSE AT THIS TIME (ACCRA 4277). HOWEVER, AMBASSADOR STRONGLY EMPHASIZED, SHOULD THE PRESENT OUTLOOK TAKE A TURN FOR THE WORSE AND THE NEED INCREASE, WE STOOD READY PROMPTLY AND SYMPATHETICALLY TO RECONSIDER THIS DECISION.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 ACCRA 04774 01 OF 02 130920Z

4. POPULATION. AMBASSADOR BRIEFED DR. ABBEY ON THE POPULATION PORTION OF THE JUNE 6 MEETING WITH HEAD OF STATE (REFTEL B) AND LEFT USAID BRIEFING PAPER. AMBASSADOR EMPHASIZED THAT, AS WE SAW IT, GHANA'S 3.3 PERCENT ANNUAL POPULATION GROWTH RATE JEOPARDIZED ALL GHANAIAN DEVELOPMENT EFFORTS, TO WHICH US WAS CONTRIBUTING, ESPECIALLY IN AGRICULTURE AND RURAL DEVELOPMENT. USAID STOOD READY TO BE HELPFUL IN SUPPORT OF GHANA'S EFFORTS TO REDUCE THIS RATE OF POPULATION GROWTH. COMMISSIONER AGREED FULLY WITH NEED TO IMPLEMENT EFFECTIVELY GHANA'S EXCELLENT POPULATION POLICY, AND EXPRESSED INTEREST IN US BUREAU OF CENSUS ESTIMATED OF 3.3 PERCENT GROWTH RATE (WE ARE SENDING HIM THIS PAPER).

5. GENERAL ECONOMIC SITUATION. DR. ABBEY EXPLAINED THAT SUPREME MILITARY COUNCIL WAS MEETING JUNE 9 TO EXAMINE ECONOMIC POLICY PACKAGE (ACCRA 4086 AND PREVIOUS). FINANCE COMMISSIONER APPIAH AND DR. ABBEY WOULD BE PRESENT. DR. ABBEY WAS HOPEFUL THERE WILL BE AGREEMENT ON NEED FOR AN AUSTERITY PROGRAM (WHICH HE DID NOT DESCRIBE), BUT EXPECTED THAT POLITICAL CLIMATE" WOULD

LEAD TO FURTHER CHANGES IN SPECIFIC MEASURES WITHIN PACKAGE.
HE STATED HE WOULD NOT BE PARTY TO "ANY SUGAR-COATING" IN
ADDRESSING ECONOMIC PROBLEMS. THE AMBASSADOR NOTED THAT
THIS WAS MATTER ENTIRELY FOR GHANAISANS TO RESOLVE, BUT
THAT SIZEABLE RESERVOIR OF AMERICAN GOOD-WILL AND
SYMPATHETIC INTEREST IN GHANA MADE HIM CONFIDENT THAT,
IF ASKED, US WOULD WISH PROMPTLY TO FIND WASYS TO BE HELP-
FUL IN SUPPORT OF A SET OF STABILIZATION MEASURES WHICH
HAD "BLESSING" OF IMF AND IBRD.

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 ACCRA 04774 02 OF 02 131010Z
ACTION OES-07

INFO OCT-01 AF-10 EUR-12 ISO-00 AID-05 CIAE-00 DODE-00
INR-10 NSAE-00 PA-01 ICA-11 SP-02 EB-08 COME-00
AGRE-00 TRSE-00 OPIC-03 OMB-01 /071 W
-----039278 131024Z /21

R 121524Z JUN 78
FM AMEMBASSY ACCRA
TO SECSTATE WASHDC 4066
INFO AMEMBASSY LONDON
AMEMBASSY ROME

LIMITED OFFICIAL USE SECTION 2 OF 2 ACCRA 4774

DEPT PLEASE ALSO PASS AID/FFP; LONDON FOR SEITZ, ROME FOR FODAG

6. REMITTANCE PROBLEMS AND OPIC INSURANCE CLAIM.
AMBASSADOR WISHED ALERT COMMISSIONER TO OUR INCREASING
CONCERN OVER THE DIFFICULTIES AND DELAYS FACED BY
AMERICAN BUSINESSES HERE IN REMITTING PROFITS, DIVIDENDS,
TICKET SALE PROCEEDS, AND PROCEEDS FROM SALES OF ASSETS
REQUIRED BY THE INVESTMENT POLICY DECREE (ACCRA 4087
AND PREVIOUS). IN PARTICULAR, WE WOULD BE DISCUSSING
SOON WITH BANK OF GHANA OFFICIALS OUR FIRST OPIC
INCONVERTIBILITY INSURANCE CLAIM BY AN US-INTEREST FIRM
HERE. THESE DELAYS AND PROBLEMS HAD DISCOURAGED VIRTUALLY
ALL NEW PRIVATE INVESTMENT IN THE RECENT PAST. WE NOTED
SPECIFICALLY THAT WE HAD SUGGESTED TO COMMISSIONER
APPIAH THAT THE GOG ANNOUNCE A SCHEDULE FOR THE RE-
PATRIATION OF SUCH BLOCKED ASSETS, PARTICULARLY THE SHARE
SALE PROCEEDS. DR. ABBEY AGREED WITH THE POTENTIAL
DEVELOPMENT BENEFITS OF PRIVATE INVESTMENT FLOWS AND NOTED
THAT PROBLEM WAS TO ESTABLISH CLIMATE IN WHICH INVESTORS HAD

FAITH THAT SYSTEM WOULD GENERATE RESOURCES TO PERMIT REPATRIATION OF PROFITS AND CAPITAL. THERE WAS LITTLE ADVANTAGE IN ANNOUNCING A SCHEDULE THAT NO INVESTOR WOULD LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 ACCRA 04774 02 OF 02 131010Z

GIVE SUFFICIENT CREDENCE IN ORDER TO DECIDE TO INVEST IN GHANA (AT LEAST UNTIL THE FULL PAYOUT PERIOD HAD ELAPSED). DR. ABBEY THREW OUT THE POSSIBILITY OF LINKING UP EXCESS CAPACITY IN GHANA'S MANUFACTURING INDUSTRIES WITH IMPORT NEEDS FOR PRODUCTS OF THOSE INDUSTRIES OF NEIGHBORING AFRICAN COUNTRIES WITH RELATIVELY STRONG BALANCE OF PAYMENTS POSITIONS, E.G., IVORY COAST, NIGERIA. PARENT FIRMS WOULD BE ASKED TO FINANCE IMPORTS OF RAW MATERIALS FOR THAT PORTION OF CAPACITY - NOW EXCESS - TO BE USED TO PRODUCE FOR EXPORT. THE GOG, IN TURN WOULD SET ASIDE THE FOREIGN EXCHANGE EARNINGS SPECIFICALLY TO ENABLE THESE FIRMS TO REMIT PROFITS AND DIVIDENDS. (THIS SUGGESTION APPEARED AT THIS STAGE TO BE LITTLE MORE THAN THINKING ALOUD BY DR. ABBEY AS AN EXAMPLE OF ONE WAY TO TRY TO RESTORE THE INVESTMENT CLIMATE QUICKLY.)

7. ACCOMMODATION EXCHANGE RATE. AMBASSADOR NOTED THAT IT WAS BECOMING INCREASINGLY EXPENSIVE AND DIFFICULT FOR USE TO OPERATE HERE AT THE PRESENT EXCHANGE RATE. PER MAN COSTS FOR OUR USAID AMERICAN EMPLOYEES, FOR EXAMPLE, WERE NOW THE SECOND HIGHEST IN THE WORLD. NATURALLY, THIS AFFECTS OUR ABILITY TO PROVIDE ASSISTANCE. AMERICANS HERE ARE NOW SPENDING ONLY A VERY SMALL PORTION OF THEIR INCOMES IN GHANA, BECAUSE IMPORTING VIRTUALLY EVERYTHING IS SO MUCH CHEAPER THAN LOCAL PRODUCE AT THE PRESENT RATE OF EXCHANGE. NOTING FURTHER THAT THE VARIOUS EXPORT BONUS LEVELS MEAN THAT GHANA ALREADY HAS A SYSTEM OF MULTIPLE EXCHANGE RATES, THE AMBASSADOR INQUIRED WHETHER THE GOG MIGHT CONSIDER A REQUEST FROM US FOR AN ACCOMMODATION RATE OF EXCHANGE. DR. ABBEY SAID THAT HE HOPED HIS GOVERNMENT WOULD DEAL COMPREHENSIVELY WITH THIS BORAD ISSUE AND SAID HE HAD ARGUED WITH GOG LEADERS THAT REQUESTS FOR SUCH AD HOC ARRANGEMENTS WOULD INCREASE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 ACCRA 04774 02 OF 02 131010Z

IF NOTHING WERE DONE. CONTINUING THIS OBLIQUE APPROACH TO THE EXCHANGE RATE PROBLEM (HE NEVER MENTIONED DEVALUATION), HE ADDED THAT "NO POLICY IS, IN EFFECT, A POLICY." GIVEN THE SITUATION DESCRIBED IN PARA 5 ABOVE, WE AGREED TO DEFER ANY SUCH REQUEST UNTIL FY 1979 BUDGET CAME OUT IN MID-JULY. HOWEVER, WE SAID THAT WE

WOULD WANT TO RETURN TO THIS SUBJECT AT THAT TIME, IF NO RELIEF WERE FORTHCOMING.

8. PORT SECURITY. AMBASSADOR FOLLOWED UP ON AN EARLIER APPROACH BY AID MISSION DIRECTOR, UNDERLINING OUT CONCERN THAT RECENT LOSSES AT GHANAIAI PORTS TO PROJECT COMMODITIES AND THE REDUCED AMOUNT OF DEVELOPMENT ASSISTANCE RESULTING FROM FUNDS HAVING TO BE USED FOR REPLACEMENT PURPOSES, ARE CAUSING SIGNIFICANT FINANCIAL COSTS, ESPECIALLY WHERE THE INSURANCE DID NOT COVER THE LOSSES. SUCH COSTS WOULD SERIOUSLY AFFECT OUR ABILITY TO CONDUCT OUR ASSISTANCE PROGRAMS. HEREIN WE WERE CHECKING CAREFULLY INTO THE AMOUNT OF LOSSES SUSTAINED AND WE WOULD BE IN TOUCH TO SEE WHAT COULD BE DONE TO REDUCE SUCH LOSSES, THE AMBASSADOR SAID.

9. AMBASSADOR ALSO EXTENDED AN INVITATION TO DR. ABBEY TO JOIN INVITED AUDIENCE AT JUNE 26 US-GHANAIAI PANEL DISCUSSION ON NORTH-SOUTH ECONOMIC ISSUES AT AMERICAN CENTER AND TO LUNCH FOLLOWING DAY WITH PROFESSOR WILLIAM TRAVIS (ACCRA 3664) AND PREVIOUS.)

10. COMMENT. WE CONTINUE HOPEFUL THAT SOME SIGNIFICANT ECONOMIC POLICY CHANGES MAY COME BETWEEN NOW AND THE MID-JULY RELEASE OF THE FY 1979 (JULY-JUNE) BUDGET. WE INFERRED FROM DR. ABBEY'S ESTIMATE THAT THE "POLITICAL CLIMATE" WOULD REQUIRE FURTHER CHANGES, THAT NO DECISIONS WOULD BE TAKEN IMMEDIATELY, EVEN IF THE SMC WERE TO APPROVE JUNE 9 THE OVERALL DIRECTION OF THE ECONOMIC REFORM PACKAGE. WE ARE FAVORABLE IMPRESSED WITH COM-

LIMITED OFFICIAL USE

PAGE 04 ACCRA 04774 02 OF 02 131010Z

MISSIONER ABBEY. HE IS A PROFESSIONAL ECONOMIST (PHD FROM US), ENERGETIC, QUICK AND ARTICULATE. HE ALSO APPEARS LIKELY TO BE AT LEAST AS FORTHCOMING AS HIS PREDECESSOR, DR. GARDINER.
HOMES

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DIPLOMATIC DISCUSSIONS, FOREIGN ASSISTANCE
Control Number: n/a
Copy: SINGLE
Draft Date: 12 jun 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978ACCRA04774
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: CLASSIFICATION IS CONF PER 79 MEMO FROM VERNON JOHNSON
Executive Order: GS
Errors: N/A
Expiration:
Film Number: P790082-2298, D780246-0713
Format: TEL
From: ACCRA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780672/aaaacipo.tel
Line Count: 265
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 6d9fbf8b-c288-dd11-92da-001cc4696bcc
Office: ACTION OES
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: UNCLASSIFIED
Original Previous Handling Restrictions: LOU
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: LOU
Reference: 78 STATE 107370, 78 ACCRA 4700
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 04 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2401207
Secure: OPEN
Status: NATIVE
Subject: CALL ON ECONOMIC PLANNING COMMISSIONER
TAGS: EAID, EAGR, SPOP, EFIN, EINV, GH
To: STATE LONDON MULTIPLE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/6d9fbf8b-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014